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World Production and Trade

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 20-85

May 15, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

FRANCE has agreed to supply an additional 500,000 tons of wheat to MOROCCO using COFACE credit. France has already sold 650,000 tons of credit-backed wheat this year to Morocco out of a total expected demand of 2.1 million tons. The United States was expected to provide 1.6 million tons of wheat for July-June 1984/85. France and the United States had been reluctant to supply additional credit because of Morocco's past repayment problems.

Estimates of PORTUGAL's 1984/85 and 1985/86 (July-June) total corn imports, all from the United States, have been reduced by 300,000 and 400,000 tons to 1.8 million-1.6 million tons, respectively. The reason given for the reductions are increased imports of manioc, primarily from Thailand.

Increased use of manioc as a feed ingredient in traditional corn importing countries has been on the rise in recent years. Korea and Spain are among the latest countries to begin using manioc. Manioc is a traditional staple of most developing countries and like rice only a small percentage of total production is exported. Since it has a low feed value relative to corn, price appears to be the leading factor for its use.

Despite the explosion of the grain elevator at Bahia Blanca, ARGENTINE shipments reached record levels for the first four months of 1985. Shipments of grain from January-April totaled 10.8 million tons, compared with 8.7 million for the same period last year. The Bahia Blanca explosion reportedly reduced Argentine export capacity by 17 percent. Another explosion this week in Buenos Aires apparently had no effect on grain loading facilities.

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OILSEEDS AND PRODUCTS

CHINA is cutting into the U.S. market for soybean meal in the PHILIPPINES. Private Philippine buyers have signed three contracts thus far to buy Chinese soybean meal. Improved quality, lower prices and lower freight charges have encouraged the expansion of this trade. Philippine imports of soybean meal from all sources are forecast at 350,000 tons in 1985 with 250,000 tons coming from the United States. This is in sharp contrast to 1984, when 375,000 tons were imported, of which 350,000 tons came from the United States. However, the National Food Authority continues to buy U.S. soybean meal under GSM-102 credit terms.

SPANISH soybean imports are forecast to drop dramatically in 1984/85 because of weak demand for soybean byproducts. Weak soybean oil exports, combined with a government quota on domestic consumption, have led the U.S. agricultural counselor in Madrid to lower the estimate for soybean imports from 2.5 million tons to a forecast 2.1 million in 1984/85. A bumper sunflowerseed crop and competition from Brazilian soybean meal have hurt Spanish crushers. The strong U.S. dollar and a stagnant Spanish poultry industry also will contribute to smaller imports of soybeans.

The U.S. agricultural counselor in The Hague has raised the NETHERLANDS' soybean import forecast for 1984/85 by 200,000 tons to 2.9 million. Among the reasons for the recovery in Dutch soybean imports are lower European Community intervention stocks of nonfat dried milk, delayed availability of intervention grain stocks, lower priced manioc, the recent price weakening of U.S. soybeans and the reduced value of the dollar vis a vis other currencies. These developments also are stimulating the use of full-fat feeding of soybeans. As a result, consumption is forecast to increase from 40,000 tons last year to 150,000 tons in 1984/85. Limited marketing possibilities for soybean oil, however, will put a ceiling on Dutch crushing activity.

COTTON

In the UNITED STATES, cotton exports declined during March, pushing season-to-date export movement below year-earlier levels for the first time this season. March exports totaled 662,000 bales, 18 percent below February and 30 percent below March 1984. Export movement was heavy during the first seven months of the crop year, but has begun to reflect intense competition from large 1984/85 crops in foreign producing countries. Exports are larger this season to Europe and North Africa, but below year-earlier levels to Asia, the Western Hemisphere and other African destinations. Cumulative U.S. exports through March totaled 4.5 million bales. Total 1984/85 season U.S. cotton exports are forecast at 6.5 million bales.

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TOBACCO

Based on reports from the U.S. agricultural counselor in Moscow, the SOVIET UNION's 1985 tobacco crop is forecast at 365,500 tons, 5 percent below the record 1983 crop of 385,000 tons and 1 percent below the bumper 1984 crop. Should a crop of this magnitude materialize, it will be the country's third largest tobacco crop. This has caused a marked increase in stock figures, from 7,000 tons at the end of 1983 to over 47,000 tons projected for the end of 1985. While reducing the Soviets' need for imports and increasing their export levels, this development will have little impact on U.S. trade, as 95 percent of Soviet tobacco production is of the Oriental variety, a type not grown in the United States.

According to the U.S. agricultural attache in Islamabad, PAKISTAN's 1985 tobacco crop is forecast at 84,450 tons, up 21 percent from last year's revised crop estimate of 70,080 tons. This will cause a forecasted 45-percent increase in ending stock levels over 1984, as cigarette production is projected to decrease slightly during 1985.

Planted area is expected to be 8 percent above a year ago due to attractive tobacco prices, a shift from sugarcane to tobacco production and increased leaf requirements of the tobacco companies. Flue-cured tobacco represents over 40 percent of total production.

SEEDS

U.S. exports of seeds for planting totaled 217,000 tons valued at \$287 million for the July 1984-March 1985 marketing year, an increase of 15 percent in volume and 9 percent in value over a year earlier. Major markets were Mexico, Japan and Italy with exports totaling \$39.2 million, \$36.9 million and \$32.8 million, respectively.

FRUITS

LEBANON's 1984/85 apple crop totaled 100,000 tons, down from 126,000 tons in 1983/84, according to the U.S. agricultural attache in Syria. The decline was due to unseasonably hot weather during the blooming period last April that resulted in excessive flower droppage. Given the present favorable growing conditions, 1985/86 production is forecast to rebound to approximately 117,000 tons.

WOOD AND WOOD PRODUCTS

The Chinese Daily Economic Reference reports that CHINA will gradually reduce its annual timber production by 10-15 percent in an effort to preserve its forest reserves. In recent years, China's annual cut has averaged 55 million cubic meters (CUM). Because domestic demand exceeds supply, China will continue to import wood from overseas. During 1984, wood trade with the Soviet Union exceeded the 1983 volume by 50 percent. China is expected to import 2.7 million CUM of Soviet logs and products during 1985. The United States, China's largest foreign supplier, shipped 4 million CUM of softwood logs and wood products (\$288 million) during 1984.

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Selected International Prices

Item	: May 14, 1985	: Change from	: A year
:	:	: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			
Canadian No. 1 CWRS-13.5%.	186.00	5.06	-2.00
U.S. No. 2 DNS/NS: 14%....	168.50	4.59	-7.50
U.S. No. 2 S.R.W.	150.00	4.08	-1.50
U.S. No. 3 H.A.D.....	178.00	4.84	-2.00
Canadian No. 1 A: Durum...	189.00	5.14	-.50
Feed grains:			
U.S. No. 3 Yellow Corn....	132.50	3.37	-1.50
Soybeans and meal:			
U.S. No. 2 Yellow.....9/	236.00	6.42	-1.50
Brazil 47/48% SoyaPellets 4/	146.00	--	-3.00
U.S. 44% Soybean Meal....	146.00	--	+1.00
U.S. FARM PRICES 3/			
Wheat.....	N.Q.	N.Q.	N.Q.
Barley.....	N.Q.	N.Q.	N.Q.
Corn.....	N.Q.	N.Q.	N.Q.
Sorghum.....	N.Q.	N.Q.	N.Q.
Broilers 7/.....	N.Q.	N.Q.	N.Q.
EC IMPORT LEVIES			
Wheat 8/.....	63.60	1.73	+5.50
Barley.....	60.65	1.32	+3.50
Corn.....	54.80	1.39	+4.85
Sorghum.....	66.90	1.70	+2.90
Broilers 9/.....	152.00	--	0
EC INTERVENTION PRICES 10/			
Common wheat(feed quality)	142.05	3.87	0
Bread wheat (min. quality)7/	150.90	4.11	-.15
Barley and all			
other feed grains.....	142.05	--	0
Broilers 11/.....	1021.00	--	-6.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	N.A.	--	--
Barley.....	40.00	.87	--
Broilers 9/.....	90.00	--	0

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/September shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis May delivery.